

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 ERDA-05 AID-05 CEA-01
CIAE-00 COME-00 DODE-00 FEAE-00 FPC-01 H-01
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04
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R 121746Z APR 77

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 6100

LIMITED OFFICIAL USE SECTION 01 OF 02 OECD PARIS 10652

E.O.11652: NA

TAGS: ENRG, OECD

SUBJECT: PROPOSED IEA/SOM CONSULTATION WITH EXXON
CORPORATION

REF: STATE 079344

THERE FOLLOWS A LIST OF QUESTIONS PREPARED BY THE
SECRETARIAT FOR THE EXXON CONSULTATION WITH THE STANDING
GROUP ON THE OIL MARKET ON 20TH APRIL, 1977:

BEGIN TEXT

DEMAND FOR CRUDE IN 1977

1. HOW IS WORLD DEMAND FOR CRUDE OIL DEVELOPING IN 1977
(1ST QUARTER 1977) AND HOW DOES EXXON NOW EXPECT IT TO
DEVELOP, BY QUARTER, DURING THE BALANCE OF 1977?

2. HOW IS THE DEMAND FOR OPEC CRUDE DEVELOPING AS
COMPARED WITH 1976, AND HOW DOES EXXON FORESEE ITS DEVEL-
OPMENT BY QUARTER DURING THE BALANCE OF 1977? AN INDI-
CATION OF CURRENT (1ST QUARTER) AND AN ESTIMATE OF
FUTURE OPEC 1977 PRODUCTION BY COUNTRY WOULD BE OF
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INTEREST.

3. DOES EXXON FORESEE THE POSSIBILITY OF A TIGHT MARKET
SITUATION DEVELOPING AT ANY TIME DURING 1977?

4. WHAT SHIFTS IN DEMAND TOWARDS PARTICULAR TYPES AND
QUALITIES OF CRUDE HAVE OCCURRED SO FAR IN 1977, E.G.

TOWARDS THE LOWER SULPHUR LIGHTER CRUDES, AND ARE THESE SHIFTS EXPECTED TO CONTINUE THROUGHOUT THE BALANCE OF 1977? PLEASE EXPLAIN THE REASONS FOR THE SHIFTS AND EVALUATE THEIR PRESENT AND FUTURE IMPLICATIONS.

SUPPLY OF CRUDE IN 1977

L. WHAT SHIFTS FROM 1976 SUPPLY PATTERNS DOES EXXON NOW FORESEE (A) IN GENERAL, AND (B) FOR ITSELF IN 1977?

2. WHICH PRODUCING COUNTRIES ARE NOW BEING AFFECTED BY SHIFTS (DROPS) IN OFFTAKE AND WHAT HAS BEEN THEIR REACTION, IN PARTICULAR VIS-A-VIS THE OIL COMPANIES?

3. WHAT ARE THE CURRENT PRODUCTION AND EXPORT CAPACITIES AND LEVELS FOR DIFFERENT GRADES OF SAUDI CRUDES AND HOW COULD THESE DEVELOP FURTHER DURING 1977?

-HOW MUCH ADDITIONAL PRODUCTION AND EXPORT CAPACITY HAS SAUDI ARABIA INSTALLED SINCE THE BEGINNING OF 1977?

-WHAT PRODUCTION AND/OR EXPORT LIMITS IS SAUDI ARABIA PLACING ON ITS CRUDES?

4. TO WHAT EXTENT IS EXXON ABLE TO UTILIZE ADDITIONAL QUANTITIES OF ARABIAN MEDIUM AND HEAVY CRUDES AVAILABLE TO IT? IS ANY DIFFICULTY BEING EXPERIENCED IN MARKETING ADDITIONAL SAUDI CRUDES? IF SO, WHY?

5. ARE EXXON AFFILIATED COMPANIES WORLDWIDE RECEIVING ABOUT THE SAME PROPORTION OF SAUDI CRUDES IN 1977 AS IN 1976? IF NOT, WHAT SHIFTS HAVE BEEN TAKING PLACE AND FOR LIMITED OFFICIAL USE

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WHAT REASONS?

6. HAVE CRUDE EXCHANGES WITH OTHER COMPANIES INCREASED IN 1977, AND IF SO TO WHAT EXTENT?

7. DOES EXXON KNOW OF SAUDI OR UAE CRUDES BEING OFFERED ON THE MARKET ABOVE THEIR OFFICIAL SELLING PRICES OR OF IRANIAN, KUWAIT OR IRAQ CRUDES BEING OFFERED BELOW?

8. BASED ON EXPERIENCE SINCE JANUARY, CAN EXXON COMMENT FURTHER ON HOW IT IS HANDLING THE PASS-THROUGH OF THE TWO-TIERED COSTS TO THE CONSUMER, AND ON HOW IT IS MAKING TRANSPARENT THAT THE LOWER COSTS ARE BEING PASSED ON TO THE CONSUMER?

9. HOW DOES EXXON NOW VIEW ITS COMPETITIVE POSITION BASED ON 3 MONTH'S OF ACCESS TO 5 CRUDE VIS-A-VIS COMPANIES WHO HAVE LESS LOWER PRICED CRUDE?

10. HOW IS THE TWO-TIER PRICE SYSTEM INFLUENCING THE

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EUROPEAN PRODUCTS MARKET AND PRODUCT PRICES?

11. WHAT DOES EXXON ENVISAGE AS THE END RESULT OF THE
PRESENT TWO-TIER SYSTEM AND WHAT WOULD BE THE IMPLICA-
TIONS OF THIS FOR THE OIL MARKET IN FUTURE?

12. HOW DOES EXXON FORESEE THE DEVELOPMENT OF CRUDE OIL
PRICE DIFFERENTIALS IN FUTURE?

(A) AMONG GULF CRUDES

(B) BETWEEN LIGHTER AND HEAVIER CRUDES IN GENERAL

(C) WITH RESPECT TO SULPHUR CONTENT?

13. DOES EXXON FEEL THAT THE ADDITIONAL 5 INCREASE
ALREADY AGREED BY THE 10 GROUP WILL ACTUALLY BE APPLIED
BEGINNING 1ST JULY? IF SO, WHAT WOULD BE THE LIKELY
IMPACT ON THE MARKET DURING THE SECOND HALF OF 1977?

L4. DOES EXXON NOW FEEL THAT SOME FORM OF GOVERNMENT
INTERVENTION, EITHER ON A NATIONAL OR INTERNATIONAL
BASIS, WOULD BE DESIRABLE? IF SO, FOR WHAT PURPOSE AND
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WHAT FORM AND TIMING SHOULD IT HAVE? IF NOT, FOR WHAT
REASONS?

END TEXT

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